

Kuwait Facility Management Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

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Report description:

The Kuwait Facility Management Market was valued at USD 1,205.43 million in 2021 and is expected to register a CAGR of 9.26% during 2022 - 2027. Facility management (FM) includes management methods and techniques for building management, infrastructure management for an organization, and the means of overall harmonization of the work environment in an organization. This system standardizes services and streamlines processes for an organization.

□ Kuwait's Facility Management (FM) market is relatively new in the GCC despite multiple local companies operating in the country for the past two to three decades. The market players have recently been trying to push awareness specifically amongst the governmental sectors. It is preferred because most of the buildings constructed in the country are from government investment and are emerging as smart buildings. Also, the new technologies in those buildings offer the existing players the potential to upskill their FM services in tandem with it.

□ Multiple local players shared plans to offer the client a defined structure and business streams, providing a cradle-to-grave solution. The inclusion of FM providers from design to decommissioning has been considered a competitive edge, simultaneously attracting GCC or Global entrants to the market.

□ Moreover, the real estate owners and government officials are considered forerunners after MNCs become increasingly aware of their assets' added value. It has been fueling the adoption of comprehensive and fully integrated service platforms delivering all facility management services and, thus, not having each service delivered through different companies. For instance, companies such as ENGIE, UFM, Kharafi National, and EcovertFM in Kuwait have shared plans to continue to bank on IFM as a service model.

□ Furthermore, the COVID-19 outbreak has acted as a catalyst for change and reiterated the need to pay attention to how facilities

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are managed and services are delivered. All built environments, owned or leased offices, warehouses, retail stores, or manufacturing facilities, will require careful consideration and tailored plans. Digital technologies have changed how real estate functions and facilities are used. It has altered how, when, and where people work, redefining the workplace and the way of living.

Kuwait Facility Management Market Trends

Construction activities and Infrastructure developments are expected to aid the growth of the market in Kuwait

□ Facility management providers in the country have ensured the improved functionality of real estate developments and have been preparing to follow more complex projects. The Al Hamra Tower has been one of the complex structures which demanded skilled expertise to manage basic upkeep. As the commercial properties in the country develop a need to maintain a luxury image, the FM projects would increase across specialized support. Since most of the country's maintenance requirements remain with in-house services, multi-fold developments have made the business model difficult.

□ Major projects with Vision 2035 have contributed to the county's growing investment in the construction sector. Also, multiple renovation activities have been observed too. For instance, in August 2020, Saudi Arabia's King Salman Energy Park (SPARK) and Kuwait's National Petroleum Services Company (NAPESCO) invested SAR 375 million in opening an oilfield services equipment facility. It recently signed another deal with Target United Energy to invest in another oilfield equipment and services facility. Phase 1 of SPARK's construction reached 60% in July 2020, and the project is expected to be completed by 2021.

□ The country has been focusing on the development and construction activities and programs to create more opportunities for contractors. For instance, as of April 2020, TAM with Job Order Contracts in Kuwait awarded an Indefinite Delivery Indefinite Quantity Job Order Contracting (JOC -- for sustainment, restoration, and modernization projects) Single Award Task Order Contract (SATOC) for the District's Kuwait program. Work performed is not limited to Camp Arifjan, Ali Al Salem Air Base, Camp Buehring, Al Jaber Air Base, Camp Patriot, Udari Range, and Kuwait Naval Base.

□ The mega projects in the pipelines have been awaiting execution, including developing the education sector in which new schools and universities would be built. In addition, there is the project of developing the new Kuwait Airport, worth approximately USD 698 million.

□ Further, most construction projects in Kuwait are driven by public spending. In 2019, Kuwait Integrated Petroleum Industries Company (KIPIC) awarded Veolia via its Middle East subsidiary a contract for the operation and maintenance of its refinery wastewater treatment plant in Al Zour in southern Kuwait. The same led to an investment of USD 63 million contract for seven years.

Commercial Segment to hold significant share in the market

□ The commercial sector majorly covers the office buildings occupied by business services, such as corporate offices of manufacturers, IT and communication, insurance, property, and other service providers. The facility management services in the commercial sector are witnessing a rise in demand owing to the surging awareness among the users on optimizing their commercial building management expenditure. Also, the market in the commercial sector is anticipated to observe significant growth during the forecast period, primarily because of an increase in the number of malls, hotels, commercial centers, and other commercial sites in the country. Further, the increasing employment rate in the service sector is expected to drive market growth in the country.

□ Owing to the COVID-19 pandemic malls and retail outlets in the country were shut close to slow down the spread of the virus. However, in Jul 2020, the shopping malls in the country were allowed to reopen from 10 am to 8 pm. According to the Kuwait

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Municipality, the retail food market and food stores were also allowed to reopen from 6 am to 8 pm. This announcement comes as the country moves into its third phase of returning to normality following a long period of restrictions designed to curb the spread of coronavirus. Reopening these entities will increase the demand for facility management services in the country owing to strict government guidelines for cleanliness and other measures.

□ The country's hospitality market is smaller than some of its GCC neighbors. However, with the launch of the Kuwait Vision 2035 initiative, new hotel projects are expected in the country. For instance, in recent years, Hyatt Hotels Corporation launched Hyatt Regency Al Kout Mall, marking the reintroduction of the brand in Kuwait. The opening showcased the first of two Hyatt properties in collaboration with Tamdeen Group, the second of which is the Grand Hyatt Kuwait, which opened in 2020.

□ The country also has multiple vendors providing FM services. For example, UFM was one of the first companies in the country to offer comprehensive property and facility management services, primarily utilizing modern applied practices in innovation, technology, and operational standards. UFM delivers its facilities management functions in all phases from design to operation and services to the government buildings, commercial and residential complexes, and multi-purpose buildings, among others.

□ The country's retail sector is comparatively small compared to its regional peers, such as the UAE or Saudi Arabia. However, the country has one of the highest concentrations of international retailers in the GCC region, with the luxury segment proving to be a major draw. The increasing consumer preference toward international brands and better retail shopping experiences were exhibiting an upward trend until COVID-19 turned the fortunes of retail markets upside down. However, long-term market scenario is expected to witness recovery followed by growth, thereby driving the market.

Kuwait Facility Management Market Competitor Analysis

Kuwait Facility Management Market is fragmented and has few major players that have adopted various growth strategies, such as mergers and acquisitions, new product launches, expansions, joint ventures, partnerships, and others, to strengthen their position in this market. The major players in the market are PIMCO KUWAIT, KHARAFI National, ECOVERT FM, Al Mazsya Holding Company KSCP, among others.

□ January 2020 - ENGIE Service General Contracting for Buildings Company Will and Taiba Hospital partnered to introduce new Integrated Facilities Management Model. It further enhances and introduces Integrated Facilities Management (IFM) delivery in Kuwait. It will include integrated technical, cleaning, and security services, loss prevention, porter/helper and valet parking services, waste management, pest control, landscaping, and laundry.

□ August 2020 - Saudi Arabia's King Salman Energy Park (SPARK) and Kuwait's National Petroleum Services Company (NAPESCO) invested SAR 375 million towards opening an oilfield services equipment facility. The company also signed another deal with Target United Energy to invest in another oilfield equipment and services facility. Phase 1 of SPARK's construction reached 60% in July 2020, and the project was completed in 2021.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

Table of Contents:

- 1 INTRODUCTION
 - 1.1 Study Assumptions and Market Definition
 - 1.2 Scope of the Study

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2 RESEARCH METHODOLOGY

3 EXECUTIVE SUMMARY

4 MARKET INSIGHTS

4.1 Market Overview

4.2 Porter's Five Forces Analysis

4.2.1 Threat of New Entrants

4.2.2 Bargaining Power of Buyers

4.2.3 Bargaining Power of Suppliers

4.2.4 Threat of Substitutes

4.2.5 Intensity of Competitive Rivalry

4.3 Impact of COVID-19 on the Market

5 MARKET DYNAMICS

5.1 Market Drivers

5.1.1 Commercial End-User Segment to Record Strong Growth

5.1.2 Infrastructure Development to Aid Demand for Outsourced FM

5.2 Market Restraints

5.2.1 Relatively Low Levels of Awareness and Regulatory Challenges

6 MARKET SEGMENTATION

6.1 By Type of Facility Management

6.1.1 Inhouse Facility Management

6.1.2 Outsourced Facility Management

6.1.2.1 Single FM

6.1.2.2 Bundled FM

6.1.2.3 Integrated FM

6.2 By Offering Type

6.2.1 Hard FM

6.2.2 Soft FM

6.3 End User

6.3.1 Commercial

6.3.2 Institutional

6.3.3 Public/Infrastructure

6.3.4 Industrial

6.3.5 Other End Users

7 COMPETITIVE LANDSCAPE

7.1 Company Profiles

7.1.1 PIMCO Kuwait

7.1.2 Kharafi National FM

7.1.3 EcovertFM

7.1.4 Al Mazaya Holding Company KSCP

7.1.5 ENGIE Services General Contracting for Buildings Company WLL

7.1.6 United Facilities Management Company K.S.C.C

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7.1.7 Alghanim International General Trading & Contracting Co. W.L.L. (Falghanim)

7.1.8 Al Mulla Group

7.1.9 Tanzifco Company W.L.L

8 INVESTMENT ANALYSIS

9 MARKET OPPORTUNITIES AND FUTURE OUTLOOK

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